

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

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*Township of Schoolcraft*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Schoolcraft, Michigan**

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Township of Schoolcraft, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Schoolcraft, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Schoolcraft, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

Board of Trustees  
Township of Schoolcraft, Michigan  
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The budgetary comparison information on pages 19 through 21, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Schoolcraft, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

*Siegfried Crandall P.C.*

June 16, 2005

## **BASIC FINANCIAL STATEMENTS**

**Township of Schoolcraft**  
**STATEMENT OF NET ASSETS**  
March 31, 2005

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	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 662,905
Receivables, net	92,641
Prepaid expenses	<u>15,803</u>
Total current assets	<u>771,349</u>
Noncurrent assets:	
Receivables, net	183,412
Capital assets, net of accumulated depreciation	<u>440,987</u>
Total noncurrent assets	<u>624,399</u>
Total assets	<u>1,395,748</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	29,517
Note payable	<u>45,543</u>
Total current liabilities	75,060
Noncurrent liabilities:	
Note payable	<u>284,932</u>
Total liabilities	<u>359,992</u>
<b>NET ASSETS</b>	
Invested in capital assets	440,987
Restricted for debt service	89,319
Restricted, nonexpendable	116,498
Unrestricted	<u>388,952</u>
Total net assets	<u>\$ 1,035,756</u>

See notes to financial statements

**Township of Schoolcraft**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

		<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
<b>Functions/Programs</b>	<u>Expenses</u>				<u>Governmental activities</u>
Governmental activities:					
Legislative	\$ 1,950	\$ -	\$ -	\$ -	\$ (1,950)
General government	409,820	138,146	-	14,875	(256,799)
Public safety	163,553	59,518	-	-	(104,035)
Public works	63,417	5,580	5,093	-	(52,744)
Community and economic development	18,156	5,752	-	33,441	21,037
Culture and recreation	22,458	-	-	14,554	(7,904)
Interest on long-term debt	15,646	15,783	-	-	137
Total governmental activities	<u>\$ 695,000</u>	<u>\$ 224,779</u>	<u>\$ 5,093</u>	<u>\$ 62,870</u>	<u>(402,258)</u>
General revenues:					
					198,300
Taxes					12,600
Permits					272,149
State grants					7,224
Interest					2,888
Other					
Total general revenues					<u>493,161</u>
Change in net assets					90,903
Net assets - beginning					<u>944,853</u>
Net assets - ending					<u>\$ 1,035,756</u>

See notes to financial statements



**Township of Schoolcraft**  
**BALANCE SHEET - governmental funds**  
March 31, 2005

	<u>General</u>	<u>Water and Sewer Debt</u>	<u>Cemetery Trust</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 345,349	\$ 201,058	\$ 116,498	\$ 662,905
Receivables	60,396	215,657		276,053
Due from other funds	-	15,444		15,444
Prepaid expenses	15,803	-	-	15,803
Total assets	<u>\$ 421,548</u>	<u>\$ 432,159</u>	<u>\$ 116,498</u>	<u>\$ 970,205</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 17,152	\$ -	\$ -	\$ 17,152
Due to other funds	15,444	-	-	15,444
Deferred revenue	12,135	215,657	-	227,792
Total liabilities	<u>44,731</u>	<u>215,657</u>	<u>-</u>	<u>260,388</u>
Fund balances:				
Restricted	-	-	116,498	116,498
Unreserved, undesignated	376,817	216,502	-	593,319
Total fund balances	<u>376,817</u>	<u>216,502</u>	<u>116,498</u>	<u>709,817</u>
Total liabilities and fund balances	<u>\$ 421,548</u>	<u>\$ 432,159</u>	<u>\$ 116,498</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	440,987
Taxes and assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	227,792
Accrued interest payable on long-term liabilities does not require current resources and, therefore, is not recorded in the funds	(12,365)
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(330,475)</u>
Net assets of <i>governmental activities</i>	<u>\$ 1,035,756</u>

**Township of Schoolcraft**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds**  
*Year ended March 31, 2005*

	<u>General</u>	<u>Water and Sewer Debt</u>	<u>Cemetery Trust</u>	<u>Total governmental funds</u>
<b>REVENUES</b>				
Taxes	\$ 274,679	\$ -	\$ -	\$ 274,679
Licenses and permits	70,633	-	-	70,633
State grants	291,796	-	-	291,796
Charges for services	65,514	-	-	65,514
Fines	1,895	-	-	1,895
Interest and rentals	5,397	17,610	494	23,501
Other	8,468	78,827	14,875	102,170
Total revenues	<u>718,382</u>	<u>96,437</u>	<u>15,369</u>	<u>830,188</u>
<b>EXPENDITURES</b>				
Legislative	1,950	-	-	1,950
General government	396,968	-	494	397,462
Public safety	163,553	-	-	163,553
Public works	63,417	-	-	63,417
Community and economic development	18,156	-	-	18,156
Culture and recreation	12,961	-	-	12,961
Capital outlay	6,908	-	-	6,908
Debt service				
Principal	6,637	45,735	-	52,372
Interest	464	16,892	-	17,356
Total expenditures	<u>671,014</u>	<u>62,627</u>	<u>494</u>	<u>734,135</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>47,368</b>	<b>33,810</b>	<b>14,875</b>	<b>96,053</b>
<b>FUND BALANCES - BEGINNING</b>	<u>329,449</u>	<u>182,692</u>	<u>101,623</u>	<u>613,764</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 376,817</u>	<u>\$ 216,502</u>	<u>\$ 116,498</u>	<u>\$ 709,817</u>

See notes to financial statements

**Township of Schoolcraft**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - *governmental funds* (Continued)**  
*Year ended March 31, 2005*

	<u><b>Total governmental funds</b></u>
Net change in fund balances - total governmental funds	\$ 96,053
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Property taxes not considered to be available revenues are deferred in the funds. This is the amount by which deferred taxes increased in the current period	1,101
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$(17,497) exceeded capital outlays \$(2,550) in the current period.	(14,947)
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount in the current period.	(45,386)
Accrued interest payable on long-term liabilities does not require current resources and, therefore, is not recorded in the funds. This is the amount deferred interest payable decreased in the period.	1,710
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>52,372</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 90,903</u>

*See notes to financial statements*

**Township of Schoolcraft**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
*March 31, 2005*

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	<u><b>Agency Fund</b></u>
<b>ASSETS</b>	
Cash	<u>\$ 490,495</u>
<b>LIABILITIES</b>	
Payables	<u>\$ 490,495</u>

*See notes to financial statements*

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Schoolcraft, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily property taxes and state shared revenue.

The Water and Sewer Debt Fund accounts for the collection of special assessments and payment of debt for sewer improvements.

The Cemetery Trust Fund is a permanent fund which accounts for assets held by the Township comprised of contributions for perpetual cemetery care. The principal of contributions to permanent funds may not be spent. Investment earnings are spent annually for cemetery maintenance.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports one fiduciary fund, its Agency fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) *Assets, liabilities, and net assets or equity:***

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Equipment	5 - 15 years

iv) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

v) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):**

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Other	\$ 139,240	\$ 161,146	\$ 21,906
	Public safety	Building inspections	56,180	63,265	7,085
	Capital outlay	Capital outlay	3,899	6,908	3,009

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 662,905	\$ 490,495	\$ 1,153,400

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$1,153,400 and a bank balance of \$1,567,145. Of the bank balance, \$378,469 is covered by federal depository insurance and \$1,188,676 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 12,135	\$ 5,653	\$ -	\$ 42,608	\$ 60,396
Water and Sewer Debt	-	-	215,657	-	215,657
Totals	\$ 12,135	\$ 5,653	\$ 215,657	\$ 42,608	\$ 276,053
Noncurrent portion	\$ -	\$ -	\$ 183,412	\$ -	\$ 183,412

All receivables are considered fully collectible.



**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Ending balance</u>
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 121,903	\$ -	\$ 121,903
Capital assets being depreciated:			
Buildings and improvements	493,378	-	493,378
Equipment	<u>102,321</u>	<u>2,550</u>	<u>104,871</u>
Subtotal	<u>595,699</u>	<u>2,550</u>	<u>598,249</u>
Less accumulated depreciation for:			
Buildings and improvements	(214,130)	(11,390)	(225,520)
Equipment	<u>(47,538)</u>	<u>(6,107)</u>	<u>(53,645)</u>
Subtotal	<u>(261,668)</u>	<u>(17,497)</u>	<u>(279,165)</u>
Total capital assets being depreciated, net	<u>334,031</u>	<u>(14,947)</u>	<u>319,084</u>
Total governmental activities capital assets, net	<u>\$ 455,934</u>	<u>\$ (14,947)</u>	<u>\$ 440,987</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 8,000
Culture and recreation	<u>9,497</u>
Total depreciation	<u>\$ 17,497</u>

**NOTE 6 - LONG-TERM LIABILITIES:**

Long-term debt at March 31, 2005, is comprised of a note payable with an original balance of \$473,018 - used for the Canal Zone water and sewer extensions, which is due in annual installments between \$45,543 and \$20,134 through June 2013, plus interest at 4.49%.

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - LONG-TERM LIABILITIES (Continued):**

The summary of debt transactions of the Township for the year ended March 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes payable	\$ 382,847	\$ (52,372)	\$ 330,475

Debt service requirements at March 31, 2005, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ 45,543	\$ 14,838
2007	45,343	12,793
2008	45,134	10,758
2009	44,916	131
2010	44,687	8,714
2011-2013	104,852	10,132
Totals	\$ 330,475	\$ 57,366

**NOTE 7 - PAYABLES:**

At March 31, 2005, payables are comprised of \$6,220 accounts payable and \$10,932 accrued payroll liabilities in the General Fund.

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2005, interfund balances are comprised of debt service assessments deposited in the General Fund as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 15,444	Sewer debt	\$ 15,444

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - JOINT VENTURES:**

*a) South County Sewer and Water Authority:*

The Township is a member of the South County Sewer and Water Authority (the Authority), which is a joint venture of the Townships of Schoolcraft, Brady, and Pavilion, and the Village of Schoolcraft. The administrative board of the Authority consists of members appointed by each participating unit. The Authority was formed to oversee water and sewer construction and operations for projects financed through the issuance of debt by the component units and the Kalamazoo County Board of Public Works. Revenues sufficient to cover operating and debt service expenditures are raised through assessments on the benefited properties.

*b) South Kalamazoo County Fire Authority:*

The Township is a member of the South Kalamazoo County Fire Authority (the Authority), which is a joint venture of the Townships of Schoolcraft, Brady, Prairie Ronde, and Wakeshma, and the Villages of Schoolcraft and Vicksburg. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2005, the Township of Schoolcraft contributed \$99,793 as its proportionate share of the Authority's budgeted costs. Complete audited financial statements for the Authority can be obtained from the Treasurer of the Township of Schoolcraft.

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all its elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Officials are eligible to participate from the date they are elected to office. The Township annually contributes 10% of the participant's base salary and participants are immediately 100% vested. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contributions of \$10,473.

**NOTE 12 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 57,623
Expenses	<u>57,614</u>
Excess of revenues over expenses	<u>\$ 9</u>

**Township of Schoolcraft**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported	
Governmental funds	\$ 613,764
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	455,934
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(382,847)
Deferred property taxes are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	11,034
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(14,075)
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>261,043</u>
Net assets, as restated	<u>\$ 944,853</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Schoolcraft**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 243,600	\$ 243,600	\$ 274,679	\$ 31,079
Licenses and permits	60,000	60,000	70,633	10,633
State grants	286,000	286,000	291,796	5,796
Charges for services	58,650	58,650	65,514	6,864
Fines	-	-	1,895	1,895
Interest and rentals	4,350	4,350	5,397	1,047
Other	14,000	14,000	8,468	(5,532)
	<u>666,600</u>	<u>666,600</u>	<u>718,382</u>	<u>51,782</u>
<b>EXPENDITURES</b>				
Legislative	<u>2,400</u>	<u>2,400</u>	<u>1,950</u>	<u>450</u>
General government:				
Supervisor	31,500	31,500	33,163	(1,663)
Elections	13,500	15,500	15,388	112
Assessor	50,900	50,900	51,264	(364)
Clerk	31,500	31,500	29,837	1,663
Board of review	500	500	1,027	(527)
Treasurer	31,500	31,500	31,500	-
Hall and grounds	25,850	28,350	25,019	3,331
Cemetery	54,750	54,750	48,624	6,126
Other general government:				
Office salaries and wages	25,000	20,700	20,471	229
Payroll taxes	7,000	7,000	8,194	(1,194)
Pension	11,500	11,500	11,779	(279)
Health insurance	40,265	40,265	40,371	(106)
Office supplies	5,000	5,000	6,375	(1,375)
Postage and legal notices	11,500	11,500	7,893	3,607
Dues	6,000	6,000	4,423	1,577
Audit and accounting	9,000	9,000	7,908	1,092
Computer support	7,000	7,000	6,334	666
Engineering	3,000	3,000	10,280	(7,280)
Legal services	15,000	15,000	13,053	1,947
General insurance	2,500	2,500	18,856	(16,356)
Other	5,275	775	5,209	(4,434)
	<u>388,040</u>	<u>383,740</u>	<u>396,968</u>	<u>(13,228)</u>

**Township of Schoolcraft**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Public safety:				
Fire Authority	\$ 98,500	\$ 98,500	\$ 99,793	\$ (1,293)
Building inspections	56,180	56,180	63,265	(7,085)
Police protection - legal services	1,000	1,000	495	505
Civil defense allocation	250	250	-	250
Total public safety	<u>155,930</u>	<u>155,930</u>	<u>163,553</u>	<u>(7,623)</u>
Public works:				
Roads	47,000	53,300	53,207	93
Street lights	5,500	5,500	5,589	(89)
Water and sewer	2,100	2,100	2,673	(573)
Hazardous waste	2,500	2,500	948	1,552
Other	200	200	1,000	(800)
Total public works	<u>57,300</u>	<u>63,600</u>	<u>63,417</u>	<u>183</u>
Community and economic development:				
Planning	21,400	21,400	12,114	9,286
Zoning	5,950	5,950	6,042	(92)
Total community and economic development	<u>27,350</u>	<u>27,350</u>	<u>18,156</u>	<u>9,194</u>
Culture and recreation:				
Recreation programs	2,500	2,500	2,500	-
Community Center	6,000	6,000	6,000	-
Township park	4,000	4,000	3,461	539
Vicksburg library	750	750	-	750
Independence Day celebration	1,000	1,000	1,000	-
Total culture and recreation	<u>14,250</u>	<u>14,250</u>	<u>12,961</u>	<u>1,289</u>
Capital outlay	<u>6,000</u>	<u>3,899</u>	<u>6,908</u>	<u>(3,009)</u>
Debt service:				
Principal	6,637	6,637	6,637	-
Interest	464	464	464	-
Total debt service	<u>7,101</u>	<u>7,101</u>	<u>7,101</u>	<u>-</u>
Total expenditures	<u>658,371</u>	<u>658,270</u>	<u>680,453</u>	<u>(22,183)</u>

**Township of Schoolcraft**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended March 31, 2005

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 8,229	\$ 8,330	\$ 47,368	\$ 39,038
<b>FUND BALANCES - BEGINNING</b>	<u>329,449</u>	<u>329,449</u>	<u>329,449</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 337,678</u>	<u>\$ 337,779</u>	<u>\$ 376,817</u>	<u>\$ 39,038</u>